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REVIEWED BY 773.5 MSP/1-2153 DATE Nov 4 1982
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DESP. NO. 137 DECLASSIFIED JAN 22 1953
RELEASE DJanuary 21, 1953
PA or FOI EXEMPTIONS DATE

AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : AMLEGATION, Tripoli

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Department's Circular Airgram of November 24, 1952, 3:45 p.m.

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SUBJECT: Quarterly Report on the Mutual Security Program in Libya for Period October 1 - December 31, 1952.

The Mutual Security Program in Libya concerns only Point IV activities and these are being carried out satisfactorily through the Libyan-American Technical Assistance Service (LATAS) which, at the end of 1952, completed its first year of existence.

LATAS has made a good start in laying the foundations for and initiating a program of technical assistance in the fields of agriculture, health, education, and natural resources designed to improve the Libyan economy and raise the standard of living of the country's population. Though successfully started, it cannot be said that this Mutual Security Program has, as yet, produced tangible results in achieving the major United States foreign policy objectives — this through no weakness in the program itself or in the personnel responsible for its execution.

By their nature, nearly all Point IV projects in Libya are of a long-range character. As a consequence, if the program had been not well managed, it would have been easy to permit the criticism of those who object to it and the irritation of those who do not understand it and who are impatient over the slowness of results to stir up so much feeling among the Libyans that the broad objectives of the foreign policy of the United States might actually have become further removed than when the program was initiated. Fortunately, through good direction and discreet administration, criticism of the program in Libya has been limited; expectations were not stirred up inordinately. As a result, the program has been well accepted generally and, if carried out in the manner it has been started, should contribute much to the foreign policy objectives of the United States in years to come.

The program has had to face a major obstacle in Libya in the recruitment of sufficiently qualified Arabic-speaking personnel. The number of educated Libyans is extremely small and those who have qualifications are badly needed by the Libyan Government itself. Hence, it was necessary to recruit Arabic personnel abroad in Near Eastern countries and this led to some local protests. The objections have been met by assuring the Libyans that foreign personnel will be reduced as soon as sufficiently qualified Libyans are trained to take their place.

Insofar as

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Insofar as they apply to Libya, specific subjects suggested by the Department to be covered in this despatch are discussed below.

Country's adherence to commitments made in the course of Mutual Security Program aid negotiations.

Thirteen Point IV project agreements have been signed with the Libyan Government, all founded on the basic technical assistance agreement between the United States and Libya concluded on January 21, 1952, and on program agreements for each general field of activity. General adherence of Libya to the commitments of all these agreements has been satisfactory. Contributions of the Libyan Government to some of the projects have been slow, principally because of certain emergency relief programs, owing to drought conditions in one of the Provinces, but as of the end of 1952 there was no instance where the Libyan Government had failed to meet its commitments.

Major economic developments which might appreciably affect aid levels

The new Libyan State does not have a viable economy. Support of its economic and financial life is obtained from military expenditures of the United States and Great Britain in Libya and from the subvention of foreign governments, mostly that of Great Britain. Without the very sizeable flow of funds from such artificial sources, the country would be reduced to destitution and the already miserable standard of living of its people would be so lowered that widespread starvation would take place. The foreign assistance programs in Libya are aimed at improving the country's ability to achieve a greater degree of economic independence. However, it may be expected that it will take at least ten years for the objectives of these programs to be achieved. Therefore, foreign subsidization of Libya in one form or another will be required for some time if the country is not to be permitted to retrogress.

Defense alliances and other developments in international relations affecting security.

Libya has an interim military agreement with the United States which is awaiting ratification by Parliament at which time it will become a permanent agreement. This agreement covers the presence of United States forces in the country. Great Britain and France have troops stationed in Libya under informal arrangements with the Libyan Government. They have both recently presented military agreements to the Libyan Government and Britain is now in the process of negotiating this agreement. No action has been taken on the French draft agreement as yet, and Libyan public opinion does not now favor a military agreement with France. Egypt is seeking a treaty of friendship and commerce with Libya. The security of the country in case of aggression depends almost entirely on British troops located here since the end of the War. The United States forces in Libya also could be used to maintain the security of the country if it were imperilled by foreign attack, if the United States so determined.

Libya

Libya has openly stated its affinity to other Arab countries, but it is expected that her friendship with the United States and Great Britain will continue.

Effect of Mutual Security Program aid in furthering internal political stability and security.

(See introductory section.)

Major trends with respect to economic development plans and programs.

Owing to the weakness in its economy and the absence of a trained and energetic population, the trend is to have economic development stem from a central, coordinated plan, sponsored by the Federal and Provincial Governments and executed under Government auspices with the aid of foreign supported organizations. In keeping with this, there has been created an Economic Planning Committee which is in the process of producing an over-all development scheme which will call on Point IV, on United Nations organizations, on the Libyan Public Development and Stabilization Agency, on the Finance Corporation (when it becomes established), and on public works departments of the Federal and Provincial Governments to assist in the execution of the program of works. The Committee reviews all projects proposed by the government or any government department, the United Nations and Point IV technical assistance missions, and the Public Development and Stabilization Agency. Priorities are assigned to projects and consideration is given to coordinated planning and execution of all projects to avoid duplication and overlap of effort. The TCA Country Director and the Director of the United Nations Technical Assistance Mission are members of the Economic Planning Committee, thus ensuring that technical assistance programs are correlated with the country's over-all economic development plan.

The Libyan Public Development and Stabilization Agency currently is financed through contributions of the United Kingdom, France, and Italy. The purpose of the Agency is to prepare and execute projects which will assist the economic and social development of Libya, to further economic stability in the country, and promote foreign trade and a balance of international payments. The TCA Country Director is an official observer without voting rights on the Board of Direction of this body. The representation of the Country Director in this organization assures that a fair share of the funds of the Development Agency will be allocated for support of Point IV projects.

The Libyan Finance Corporation is in the process of becoming formally organized. The above mentioned countries have committed funds to it. The purpose of the corporation is to assist the economic and social development of Libya by providing credit and expanding credit facilities for agricultural, industrial and commercial projects and programs in Libya. The TCA Country Director is also an observer on the Board of Directors of this agency, and participation in this organization by the Country Director will ensure the possibility of obtaining some credit resources to carry on plans and projects formulated by the Point IV program.

Economic

Economic and social effects of Point IV programs, including reference to the country's capacity to utilize effectively the assistance being provided.

As mentioned earlier, Point IV programs in Libya are of a long-range nature and have not been in operation a sufficient length of time to have any appreciable effect on social and economic conditions. Much more Point IV assistance could be utilized effectively by the country, especially if such assistance took the form of program funds which could be used in execution of projects. Almost all of the currently assigned funds go to pay for technical services. Only a small proportion has been assigned to equipment and materials. Grant-In-Aid money for the execution of programs would not only enable Point IV to enlarge its efforts but would also assist in speeding up the results of these efforts and in diminishing criticism due to impatience with the slowness of progress.

Attitude of the government and public toward U.S. aid programs.

The top government officials, including the Prime Minister, have had a most cooperative and friendly attitude toward Point IV activities in Libya. Some criticism of technical assistance activities, including those of the United Nations, has been made by the Libyan Senate, owing largely to impatience with results achieved. By the end of 1952, sufficient progress had taken place in several projects to produce some tangible results. Hence it is expected that criticism based on impatience will diminish or at least be more easily confronted. Sharp attacks on the Point IV program have come only from a rabidly nationalistic and anti-foreign newspaper which has since gone out of existence.

Henry S. Villard